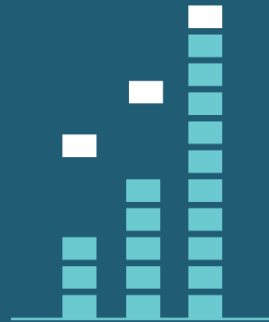
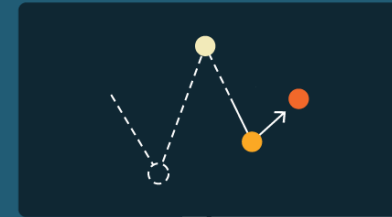


Games Investment Review

Q1 2024 EXECUTIVE SUMMARY REPORT



Digital Development Management

DDM >

We are the Video Game Business Experts

DDM HIGHLIGHTS

\$1.2 Billion

In deals secured for DDM Representation Clients



Established in Asia,
Europe and the US
Coasts

18

Years in the industry

70+

Consulting clients

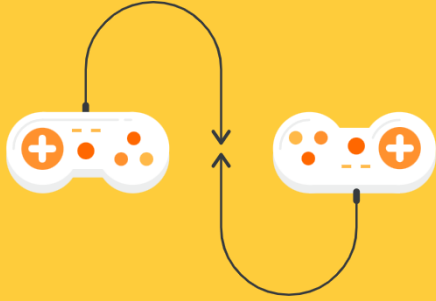
725+

Deals signed across
our service areas

16

Years of industry
investment data

DDM Provides Comprehensive Services for the Video Games Industry



Representation

DDM represents talented development studios around the globe that create great games on every platform. With its worldwide business development team and deep industry relationships, DDM secures full game deals and co-development projects for its clients. Always with a personal touch, DDM has secured hundreds of deals and deeply understands how to run extensive business development in an efficient and effective manner.

We secure the project deals to achieve your company's goals.



Consulting

DDM provides best-of-class consulting to help companies succeed in their games industry initiatives. Whether entering the games space, expanding on an existing endeavor, or undertaking a new project that can benefit from interactive technologies, DDM partners with you to build and execute upon a tailored strategy. With a network of consulting executives, development studios, production services experts and publishing capabilities, plus DDM's own internal extensive expertise and research department, DDM can tackle any games industry project you've got.

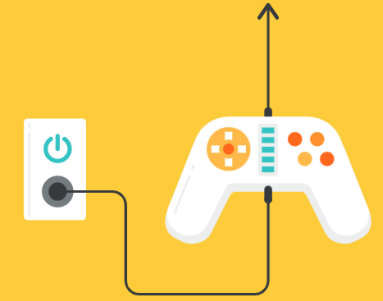
Consulting from experts who know the games business. We create action plans that are actually used.



Data & Research

DDM's research team provides our clients with bespoke services based on extensive industry experience, a wealth of data we maintain on a regular basis and the most comprehensive and up-to-date game industry investment database that exists. We leverage our overall company's Representation, Investment and Consulting services to help our clients succeed in their project funding, investments, acquisitions, exits and strategic initiatives. Our team publishes the quarterly DDM Games Investment Review reports which is regularly featured on Forbes, GamesIndustry.biz, VentureBeat and many others.

We provide the data and research to take your company to the next level.



Investment Services

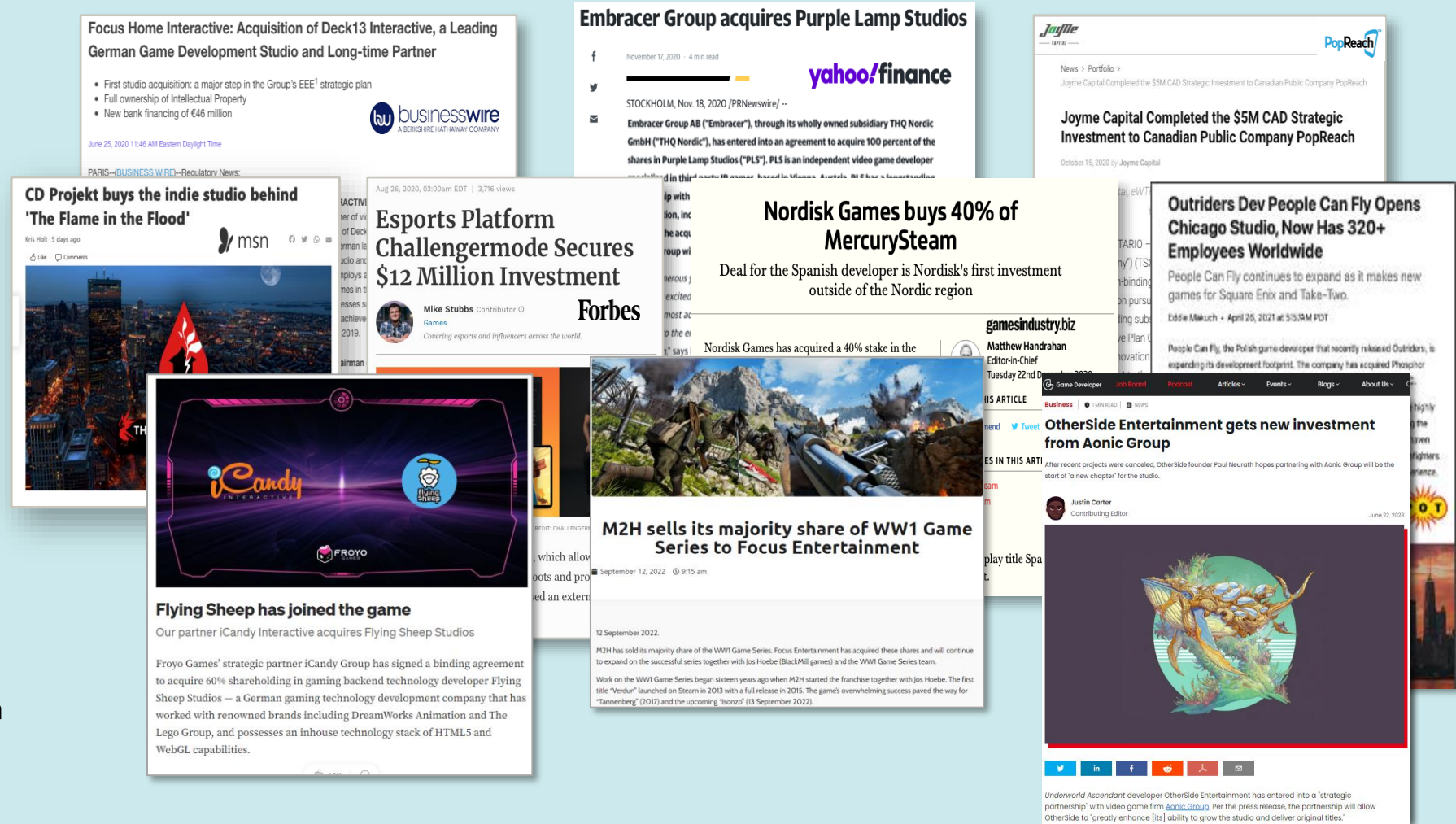
DDM consults as an M&A Broker for companies in the game industry looking to secure a buyer as well as those looking to source acquisition targets. Our extensive knowledge of the games industry and worldwide business development capabilities are combined with deep financial expertise and rich investment data. Whether you are seeking partial investment or full acquisition, we globally source business prospects that match your strategy and criteria.

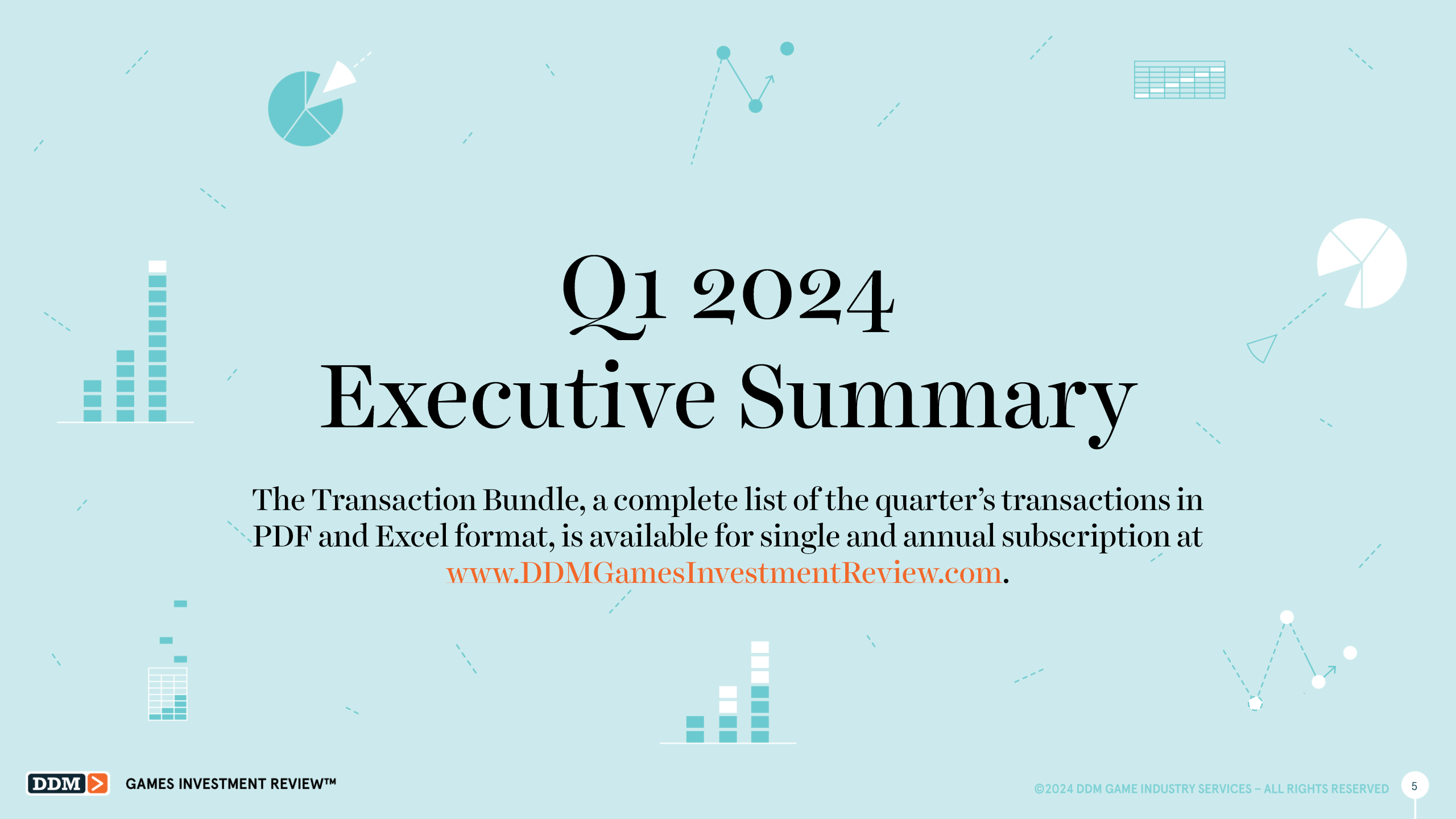
We secure the investment or M&A required for you to take your next major strategic step.

DDM's Investment Services and Consulting Drive Key Acquisitions and Investments

Leveraging the knowledge obtained from having closed 700+ deals over 17 years, keeping the most comprehensive M&A transaction level data in the industry and being involved in some of the most interesting consulting projects and M&A transactions, DDM truly offers an unrivaled value proposition second to none.

- ▶ Fully dedicated investment team
 - Unparallel industry & deals knowledge
 - Global presence with offices in key territories
 - Full understanding of the needs at each stage of the process
 - Second-to-none industry network
- ▶ Up-to-date proprietary market information – DDM Game Investment Review (GIR)
- ▶ Unique set of proprietary tools and methodologies developed for the video game industry
- ▶ Holistic approach
- ▶ Relationship vs transactional driven





Q1 2024 Executive Summary

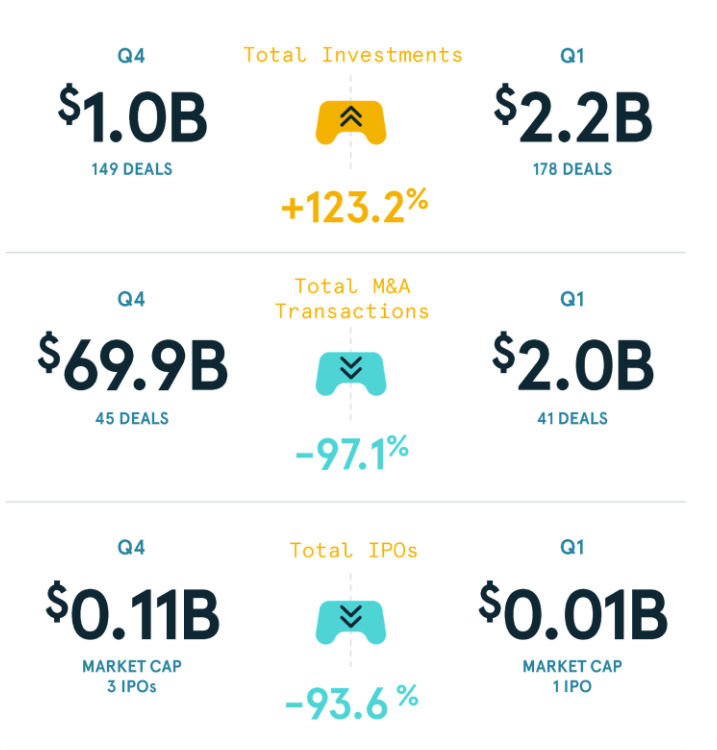
The Transaction Bundle, a complete list of the quarter's transactions in PDF and Excel format, is available for single and annual subscription at www.DDMGamesInvestmentReview.com.



Q1 2024



COMPARED TO PREVIOUS QUARTER



Highlights

Despite game industry layoffs and business turmoil over the last nine months, investments and M&As show a return to cautious growth.

Q1's \$2.2B investment total is first quarter above \$2.0B since Q3 2022, driven by Disney's \$1.5B investment in Epic Games (representing 67% of the quarter's investment value)

Excluding Microsoft's \$68.7B acquisition in Q4, Q1's \$4.29B across investments and M&As nearly doubles Q4 2023's \$2.3B total value

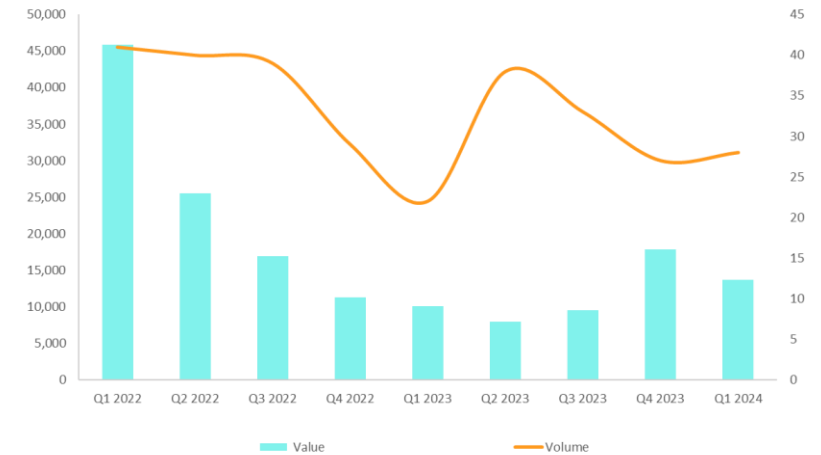


Q1's \$4.3B Over 219 Investments/M&As Marks a Positive Start to 2024

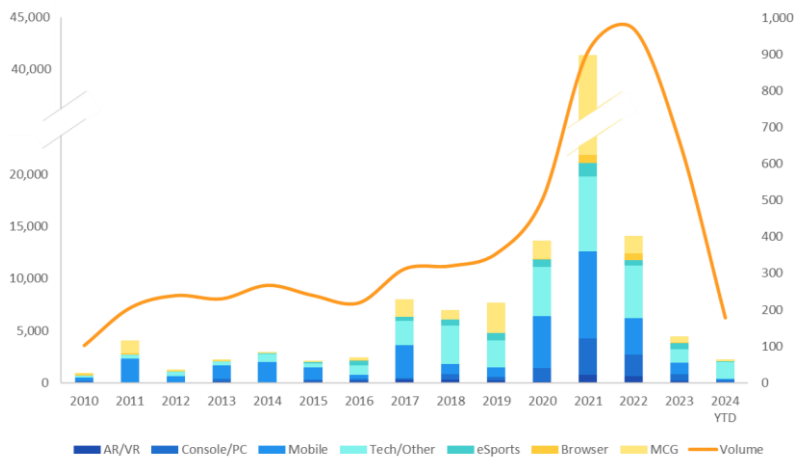
Despite game industry layoffs and business turmoil, investments and M&As show a return to cautious growth. Compared to Q4 2023, Q1 2024 is a significant decline (-94% in value and +13% in volume compared to Q4's \$70.1B across 194 transactions). However, by excluding Microsoft's \$68.7B acquisition of Activision Blizzard in Q4 as an outlier, Q1 2024's \$4.3B across 219 investments and M&As nearly doubles Q4 2023's \$2.3B in value, indicating a positive start to 2024.

- ▶ Q1 2024 investments totaled \$2.2B across 178 investments (+123% in value and +20% in volume compared to Q4's \$1.0B and 149 investments) marking the first quarter to achieve a value over \$2.0B in investments since Q3 2022
- ▶ Q1 2024 M&As totaled \$2.0B across 41 transactions (-97% in value and -9% in volume over Q4's \$70.0B across 45 transactions); when Microsoft/Activision Blizzard is excluded, Q1 2024 was +65% in value and -7% in volume compared to Q4 2023's \$1.2B across 44 transactions
- ▶ Q1 2024 IPOs totaled \$7.2M in total market capitalizations from 1 IPO (-94% in value and -67% in volume compared to Q4's \$112.0M in combined market capitalizations across 3 IPOs)
- ▶ Q1 2024 new fund announcements totaled \$13.7B across 28 funds (-23% in value and +4% in volume compared to Q4 2023's \$17.8B across 27 funds) driven by two funds raising over \$2.0B; Andreessen Horowitz (A16z) \$7.0B and Y Combinator's \$2.0B fund raises accounted for 65% of the capital raised for the quarter

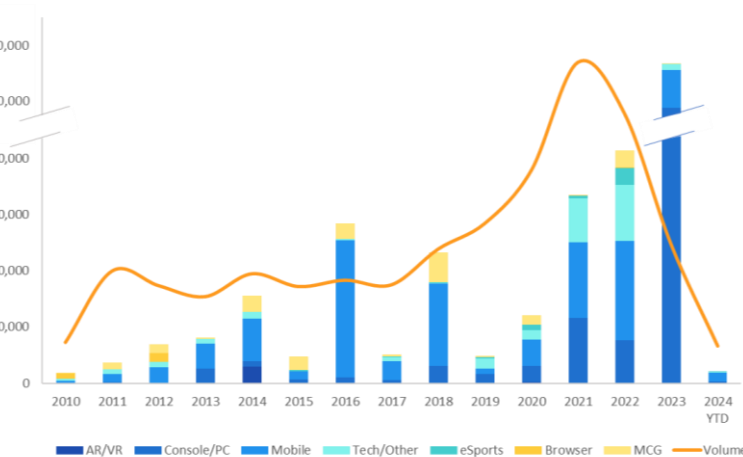
Fund Announcements (\$M)



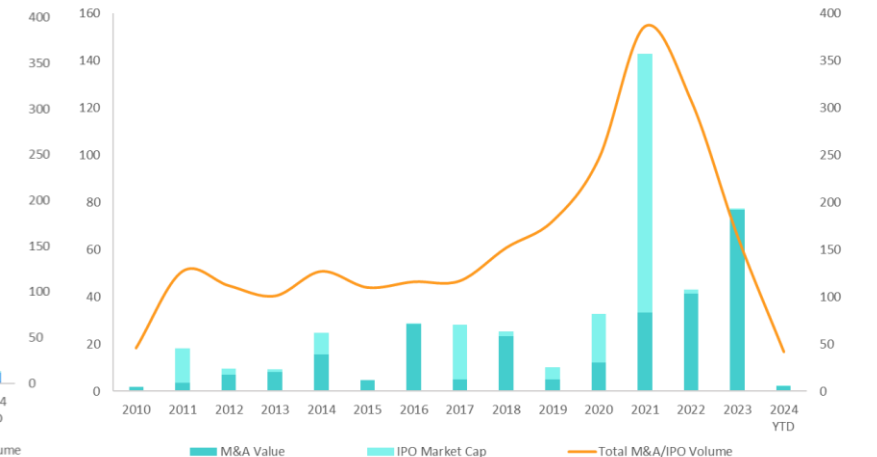
Investments (\$M)



M&As (\$M)



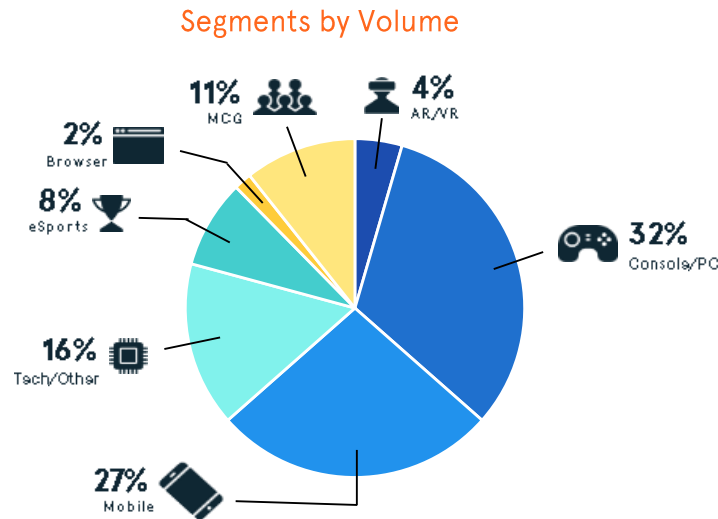
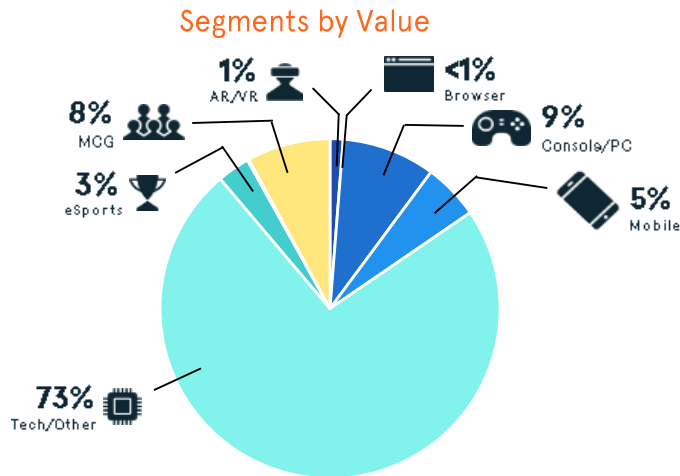
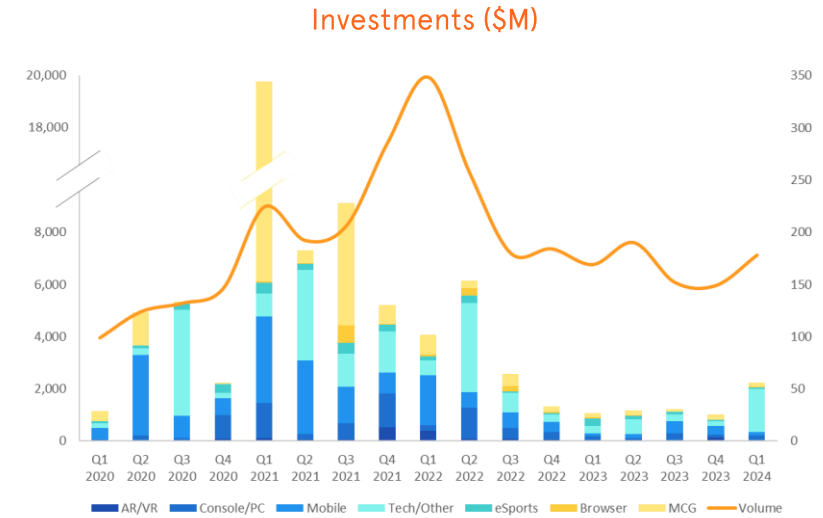
Exits (M&A + IPOs) (\$B)





Q1's \$2.2B in Investments Achieves First Quarter Above \$2.0B in Over a Year

- ▶ Q1 2024 investments totaled \$2.2B across 178 investments (+123% in value and +20% in volume compared to Q4's \$1.0B and 149 investments) marking the first quarter to achieve over \$2.0B in investments since Q3 2022's \$2.6B and 180 investments
- ▶ Disney's \$1.5B investment in Epic Games accounted for 67% of the quarter's investment value
- ▶ Blockchain investments totaled \$292.7M across 66 investments (-16% in value and +35% in volume compared to Q4 2023's \$347.4M and 49 investments); this volume resulted from interest in Bitcoin ETFs, bringing interest in all blockchain projects
- ▶ Highest segment by value led by Tech/Other (73%), followed by Console/PC (9%), MCG* (8%), Mobile (5%), eSports (3%), AR/VR (1%), and Browser (<1%)
- ▶ Highest segment by volume led by Console/PC (32%), followed by Mobile (27%), Tech/Other (16%), MCG* (11%), eSports (8%), AR/VR (4%), and Browser (2%)
- ▶ Q1 2024 undisclosed investments totaled 70 investments or 39% of the quarter's total, the highest percentage recorded, doubling the quarterly average of 16%; despite more transactions than pre-pandemic, the higher undisclosed deals are dampening overall values as a challenged industry creates strategic moves and unfavorable values and terms, leading to fewer disclosed deals
- ▶ Using historical averages to estimate the undisclosed investment values, Q1 2024 reached \$2.3B [+/- \$28.2M]



% of Undisclosed Investments vs Deal Volume



*Mass Community Games (MCG) are games driven by online community play. Includes MMOs, MOBAs, battle royale, and metaverse games.



Top and Median Segment Investment Q1 2024

Disclosed Investments Q1 2024

Category	AR/VR	Browser	Console/PC	eSports	MCG*	Mobile	Tech/Other
No. Investments	6	2	24	11	17	40	26
Top Deal by Value (\$M USD)	StatusPro's \$20.0M Series A investment from Google, Dream Sports, WISE Ventures, JDS Sports, Alumni Ventures, Main Street Advisors, and others	Great Big Beautiful Tomorrow's \$3.0M Seed raise from Shima Capital, Sfermion, GSR Markets, Arca, and others	Parallel's \$35.0M mid/late-stage investment from Distributed Global, The Operating Group, VanEck, Focus Labs, Big Brain Holdings, and others	True Gamers' \$45.0M early-stage investment from angel investors	Build A Rocket Boy's \$110.0M Series D from RedBird Capital Partners, Galaxy Digital, NetEase, Catalyst Fund, Alignment Growth, Woodline Partners, GTAM Partners	SkyArk Chronicles' \$15.0M early-stage investment from Jambo, GuildFi, BreederDAO, Signum Capital, Bitscale Capital, Cryptomeria Capital, Mapleblock Capital, and others	Epic Games' \$1.5B late-stage investment from Disney
Seed by Volume	33%	100%	71%	64%	47%	55%	54%
Series A by Volume	17%	0%	8%	0%	35%	15%	31%
Other by Volume	50%	0%	21%	36%	18%	30%	15%
Q1 Median Segment Investment (\$M USD)	4.3	3.0	5.5	3.3	4.0	3.1	5.6
Q1 Segment Total Value (\$M USD)	27.6	3.0	176.6	58.5	160.7	109.8	1,645.5
Q4 Median Segment Investment (\$M USD)	4.0	N/A	7.3	2.0	3.0	2.7	6.0
Q4 Segment Total Value (\$M USD)	135.8	0.0	105.5	24.9	39.9	301.6	155.7



► We prefer medians instead of averages to reduce the impact of large mid/late-stage rounds from skewing the picture of typical investments; conversely, if a category has low volume, any blockbuster investment can have an outsized effect

► Chart excludes IPO, Post IPO, crowdfunding, grants, token offerings




*Mass Community Games (MCG) are games driven by online community play. Includes MMOs, MOBAs, battle royale, and metaverse games.
Early stage = Angel to Series A, Mid/Late Stage = Series B and later, Other = Grants, Crowdfunding, Initial Coin Offerings, IPO, and Post IPO





Top Active Investors (#1-5)




 **Spartan Group** 8 Investments 



Q1 Round Total (\$M, USD)	Q1 Top Round Value (\$M, USD)	Stages	Top Segments
93.7	35.0	Early, Mid/Late	Console/PC, MCG

-  **Parallel**, blockchain games developer, raised \$35.0M in a late-stage funding round
-  Blockchain games developer **Illuvium** raised \$12.0M in a Series A funding round
-  Blockchain games developer **Overworld** raised \$10.0M in a Seed funding round




 **Animoca Brands** 8 Investments 



Q1 Round Total (\$M, USD)	Q1 Top Round Value (\$M, USD)	Stages	Top Segments
37.0	12.0	Early	MCG, Mobile, Console/PC, Tech/Other

-  Blockchain games developer **Illuvium** raised \$12.0M in a Series A funding round
-  **Metacene**, blockchain MMO games developer, raised \$10.0M in an early-stage funding round
-  **Pixelmon**, a blockchain creator and games developer, raised \$8.0M in a Seed funding round




 **Andreessen Horowitz** 7 Investments 



Q1 Round Total (\$M, USD)	Q1 Top Round Value (\$M, USD)	Stages	Top Segments
64.3	30.0	Early, Mid/Late	Mobile, Console/PC, Tech/Other, MCG

-  PC games developer **Mountaintop Studios** raised \$30.0M in an early-stage funding round
-  **Kaedim**, AI-driven games art tool provider, raised \$15.0M in a Series A round
-  Blockchain mobile games developer **Carbonated** raised \$11.0M in a Series A funding round




 **Cypher Capital** 6 Investments 

Q1 Round Total (\$M, USD)	Q1 Top Round Value (\$M, USD)	Stages	Top Segments
32.0	11.0	Early	Mobile, MCG, Tech/Other

-  Blockchain mobile games developer **Carbonated** raised \$11.0M in a Series A funding round
-  **Pixelmon**, a blockchain creator and games developer, raised \$8.0M in a Seed funding round
-  **BlockGames**, blockchain player profile solutions provider, raised \$6.0M in an early-stage round

 **Merit Circle** 6 Investments 

Q1 Round Total (\$M, USD)	Q1 Top Round Value (\$M, USD)	Stages	Top Segments
26.5	8.0	Early	MCG, Mobile, Console/PC

-  **Pixelmon**, a blockchain creator and games developer, raised \$8.0M in a Seed funding round
-  Blockchain social party games developer **Vermilion Studios** raised \$7.0M in a Seed funding round
-  **Ready Games**, a mobile gaming blockchain solutions provider, raised \$4.0M in an early-stage funding round

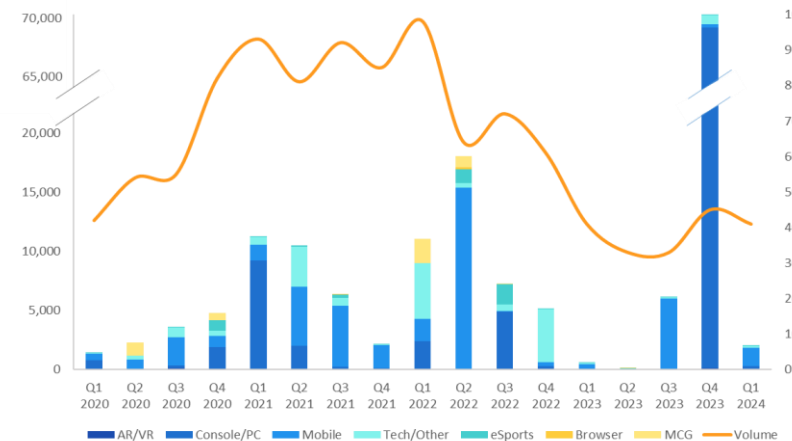
We list the most active firms by deal volume as well as the total value of the disclosed investments in which they participated and top value for single deal along with select investments. Further, our investment tracking focuses on deals that involve Western companies. As always, since announcements do not typically list the contribution breakdown by firm, we do not include a breakdown of how much is invested by each firm. Some transactions also may be repeated if multiple investors invested in the same round for the company.



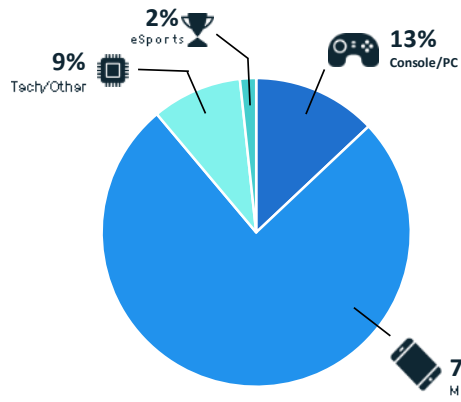
Q1 M&A \$2.0B is +65% value QoQ Excluding Microsoft's Acquisition of Activision Blizzard in Q4

- ▶ Q1 2024 M&As totaled \$2.0B across 41 transactions (-97% in value and -9% in volume over Q4's \$70.0B across 45 transactions), a significant decrease due to Microsoft's \$68.7B acquisition of Activision Blizzard in Q4 2023
- ▶ As Microsoft's acquisition is an anomaly and to compare quarters more accurately, without Microsoft/Activision Blizzard, Q 2024 was +65% in value and -7% in volume compared to Q4 2023's \$1.2B across 44 transactions
- ▶ Kahoot!'s acquisition by Goldman Sachs, General Atlantic, KIRKBI, and Glitrafjord for \$1.6B was 76% of the quarter's value
- ▶ Q1 2024 undisclosed M&As totaled 32 transactions or 78% of the quarter's total, higher than the quarterly average of 66%
- ▶ Highest segment by value led by Mobile (76%), followed by Console/PC (13%), Tech/Other (9%), and eSports (2%)
- ▶ Highest segment by volume led by eSports (27%), followed by Console/PC (24%), Tech/Other (24%), Mobile (17%), AR/VR (5%), and MCG* (3%)
- ▶ Europe led the quarter in both M&A value and volume totaling \$1.6B across 19 transactions (76% of the value and 46% of the volume); North America placed second in value and in volume totaling \$484.6M across 13 transactions (24% of the value and 32% of the volume); while Asia and the Middle East did not have any M&As with disclosed values, they represented 12% and 10% of the quarter's volume; and respectively. Africa, Latin America, and Australia/NZ did not have any transactions within the quarter

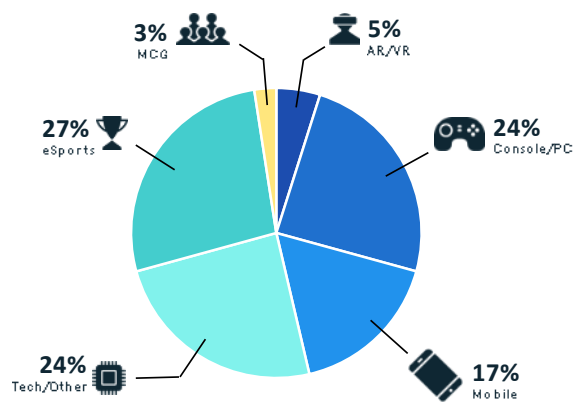
M&A (\$M)



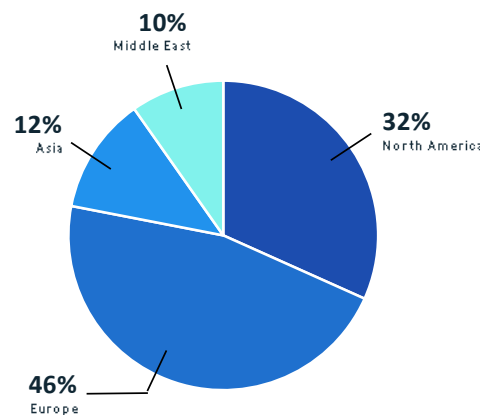
Segments by Value



Segments by Volume



Regions by Volume



% of Undisclosed M&As vs Deal Volume

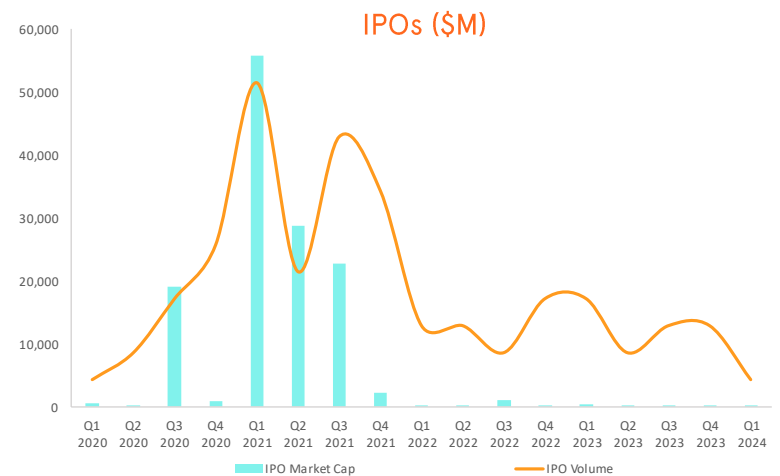
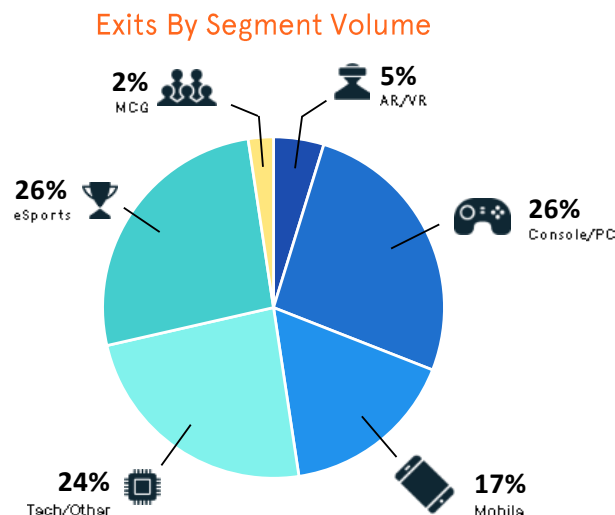
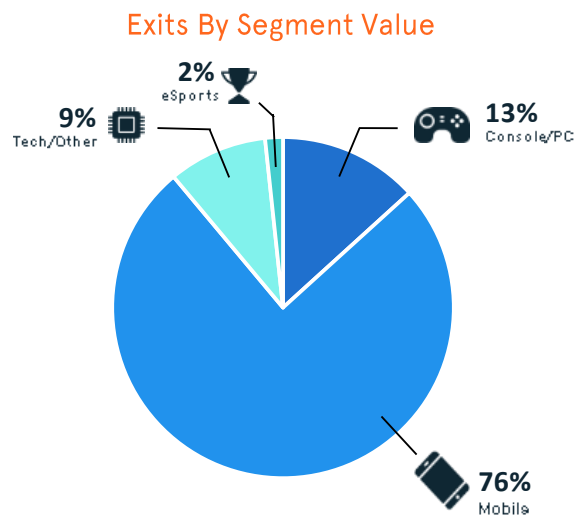
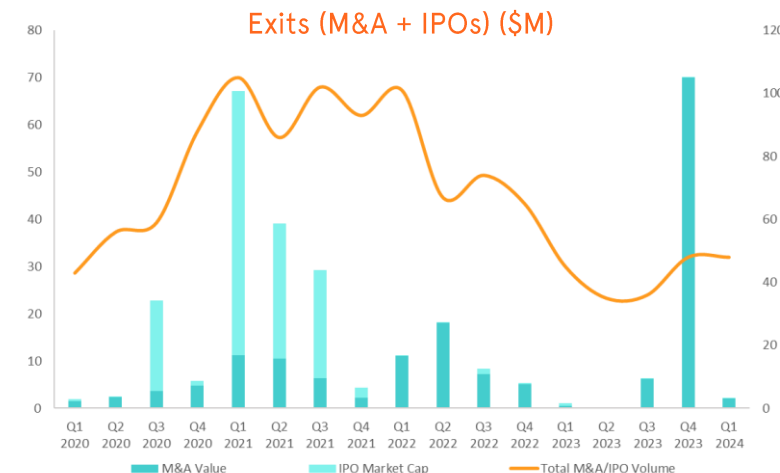


*Mass Community Games (MCG) are games driven by online community play. Includes MMOs, MOBAs, battle royale, and metaverse games.



Q1's \$2.1B Across 42 Exits (M&As + IPOs) with IPO Volume Consistent Pre-Pandemic

- ▶ Q1 2024 IPOs totaled \$7.2M in total market capitalizations from 1 IPO (-94% in value and -67% in volume compared to Q4's \$112.0M in combined market capitalizations across 3 IPOs); consistent in volume pre-pandemic where quarters typically saw one to two IPOs
- ▶ Poland continues to be the gaming IPO capital of the world as Poland-based porting service provider ConsoleWay debuted on the NewConnect Exchange with a market capitalization of \$7.2M, the only IPO of the quarter
- ▶ Q1's Exits (M&A + IPOs) totaled \$2.1B across 42 transactions (-97% in value and -13% in volume compared to Q4's exits of \$70.1B across 48 transactions)
- ▶ Since Microsoft's acquisition is an anomaly and to compare quarters more accurately, without Microsoft's acquisition, Q1 2024's Exits value was +52% in value and -11% in volume compared to Q4 2023's \$1.4B across 47 transactions
- ▶ Highest Exits (M&A + IPOs) by segment value led by Mobile (76%), followed by Console/PC (13%), Tech/Other (9%), eSports (2%),
- ▶ Highest Exits (M&A + IPOs) by segment volume led by Console/PC (26%), followed by eSports (26%), Tech/Other (24%), Mobile (17%), AR/VR (5%), and MCG (2%)



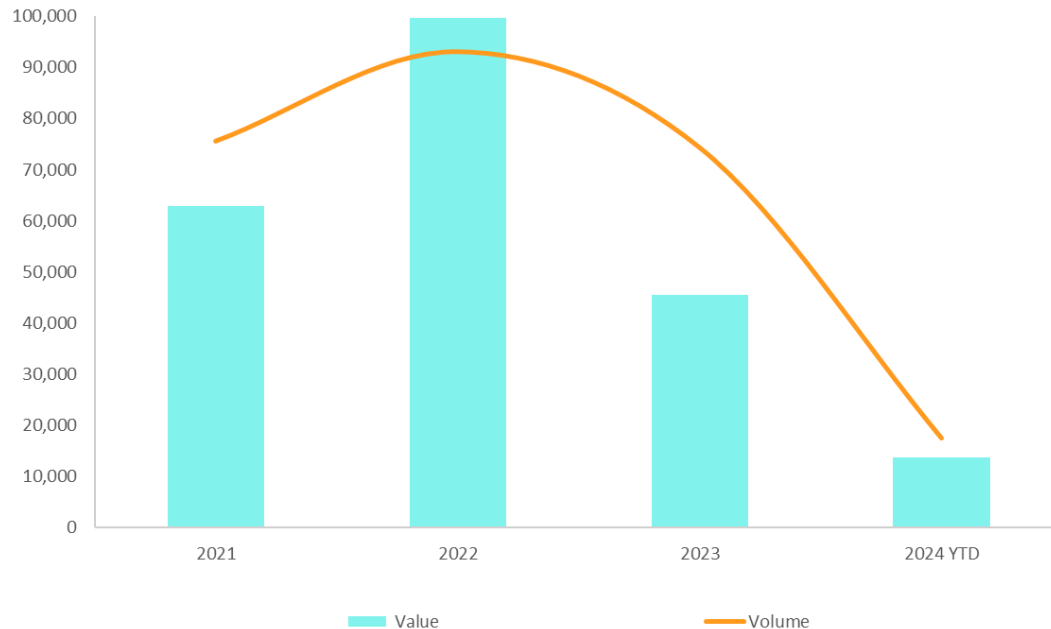
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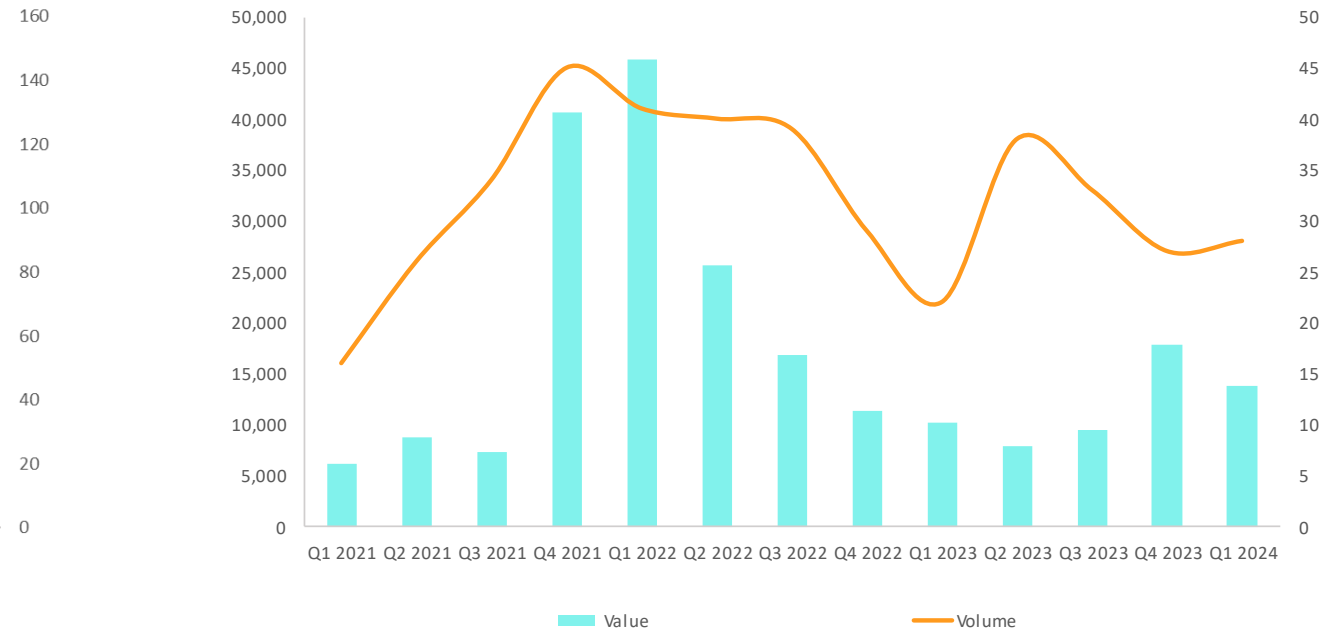
Q1's \$13.7B in Capital Raised by 28 New Funds Driven by A16z and Y Combinator

- ▶ Q1 2024 new fund announcements totaled \$13.7B across 28 funds (-23% in value and +4% in volume compared to Q4 2023's \$17.8B across 27 funds)
- ▶ Two funds raised over \$2.0B: Andreessen Horowitz (A16z)'s \$7.0B and Y Combinator's \$2.0B which accounted for 65% of the capital raised for the quarter
- ▶ While Q1 had a \$4.0B in value decline in capital raised compared to Q4, when comparing year-over year Q1's \$13.7B in value is still significantly higher than Q1 2023's \$10.1B across 22 funds (+36% in value and +27% in volume)
- ▶ As mentioned in prior reports, fund managers continue to struggle on raising capital from LPs as Q1 saw the average capital raised per fund totaled \$491.0M (-26% in value compared to Q4's \$660.1M); this is down significantly from Q1 2022's top where the average fund raise was \$1.1B (-56% in value)
- ▶ Blockchain has gained more traction from investors as Q1 2024 totaled \$8.3B across 11 new funds (+186% in value and +10% in volume compared to Q4 \$2.9B across 10 funds); this is due to Andreessen Horowitz's \$7.0B fund which accounted for 85% of the capital raised with a blockchain interest

Fund Announcements By Year (\$M)



Fund Announcements by Quarter (\$M)





Notable Transactions & Announcements

We also monitor announced transactions that will affect future quarters as well as ones considered “adjacent” to the games industry, and these values are not included in our preceding sections to present a clear landscape of transactions officially settled for the quarter.

Video gaming transactions with a future impact:

- ▶ Carlyle Group’s [reported](#) \$1.1B divestiture of [Jagex](#) to CVC Capital Partners and Haveli Investments is expected to close in H2 2024 and is nearly doubling the amount Carlyle Group was rumored to acquire for back in January of 2021
- ▶ Embracer Group’s \$460.0M divestiture of [Gearbox Entertainment](#) to Take-Two Interactive, which includes Gearbox Software, Gearbox Montréal, Gearbox Studio Quebec, Homeworld, Risk of Rain, Brothers in Arms and Duke Nukem, and Borderlands and Tiny Tina’s Wonderlands franchises is expected to close in H2 2024
- ▶ Thunderful’s \$542K divestiture of [Headup](#) to Microcuts Holding is expected to close in H2 2024 and is a fraction of the \$13.1M acquisition Thunderful paid back in March of 2021

Industry-adjacent transactions with no impact on Games Investment Review report:

- ▶ 3D-image capture service provider [Luma Ai’s](#) \$43.0M Series B raise from Andreessen Horowitz and others
- ▶ Sensor Tower’s undisclosed acquisition of mobile market intelligence platform provider [Data.ai](#)
- ▶ Yuga Labs’s undisclosed acquisition of NFT creator and community provider [PROOF](#)



Methodology

In reporting our values, we only include deals where the investment or acquisition officially closes, not simply announced. This methodology has been used consistently with our data for 16 years and it ensures that we are measuring actual activity instead of potential activity.

Additionally, with SPACs we consider the investment value to be what was raised in the transaction, not the company valuation afterward. This is consistent with how we track investment data, where we track the money raised in the transaction and, separately, its effect on the company's overall enterprise value.

The exclusion of announced deals may result in a large difference between our quarterly total and other firms, but our methodology gives a clearer picture of the money deployed in each quarter, providing valuable data consistency for companies evaluating game industry investment and acquisitions.

Digital Development Management maintains and continuously updates the only source of investment, acquisition, and merger data specific to the video game industry that has been gathered and rigorously tracked for over a decade. We focus on Western investments that span development, publishing and technology across PC, console, mobile, browser, mass community (MMO, MOBA, battle royale), eSports and AR/VR games. In short, our focus is fully on the games industry, where other reporting organizations include non-games technology investments and acquisitions by companies such as Apple and Microsoft, which overshadow and obfuscate what is happening in games.

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